

# Libya oil chief fears 'financial collapse' unless exports rise

Conflict-hit Libya could run out of money next year without a swift resumption of oil exports, the head of the country's National Oil Corporation (NOC) warned.

"It is no secret we are on the road to financial collapse," says NOC chairman, Mustafa Sanalla.

"We are running a budget with a huge deficit and we have spent half our reserves in the last few years."

Sanalla was speaking after an oil tanker left the key Libyan port of Ras Lanuf on Wednesday with the first crude shipment from the terminal in two years. The cargo of 776,000 barrels was also the first to leave the country since oil terminals were seized last week by military strongman Khalifa Haftar, who handed control of the ports to the NOC.



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Libya has Africa's largest oil reserves, estimated at 48bn barrels, but production and exports have slumped dramatically through years of crisis. Libya pumped around 1.6 million barrels of crude a day before longtime strongman Moamer Kadhafi's overthrow in 2011, but the ensuing chaos slammed production, which fell as low as 290,000 in recent months, according to the NOC.

Sanalla said production had recently rebounded slightly, to 390,000 barrels a day.

Although, he said, there was no official figure on how much fighting and lawlessness has cost Libya, he estimated that oil production losses since 2013 amounted to more than \$100bn - money he believes could have averted the chaos.

"Oil can and should be a driver for unity," he said. "We should all work to raise production, exports and revenues because we will all benefit from a healthy economy. Overcoming our political divisions has taken time and may take more time. Meanwhile we should not neglect the fundamental necessities of our people: food, medicine, fuel, electricity, education, salaries and so on."

The NOC says it is loyal to Libya's Tripoli-based Government of National Accord (GNA), but also to a parliament based in the east. That parliament supports Haftar's forces and has refused to give the UN-backed GNA its vote of confidence.

The GNA, meanwhile, said it supports the NOC's efforts to boost oil exports, which could help ease a cash crisis for Libyan banks in dire need of hard currency. Sanalla warned that without a rapid boost to exports, the country could be essentially insolvent by 2017.

"We are running a budget with a huge deficit and we have spent half our reserves in the last few years," he said. "Without a resumption of exports we could run out of money next year."

**Source:** I-Net Bridge

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